



SANTA CRUZ COUNTY ARIZONA

HOUSING STRATEGY

2022-2027

TABLE OF CONTENTS

OVERVIEW: Need for Housing Strategy	PAGE 2
EXECUTIVE SUMMARY	PAGE 3
HOUSING CONDITIONS, TRENDS AND NEEDS:	
DEMOGRAPHICS OF SANTA CRUZ COUNTY AZ	PAGE 4 - 14
• POPULATION	
• MOBILITY	
• COMMUTING FOR EMPLOYMENT	
• MAJOR EMPLOYERS	
• MEDIAN INCOME AND POVERTY	
FUTURE EMPLOYMENT OUTLOOK	PAGE 9
HOUSING CHARACTERISTICS OF SANTA CRUZ COUNTY	PAGE 14 -20
HOUSING STRATEGY FOR SANTA CRUZ COUNTY	PAGE 21 – 25
GOALS OF THE HOUSING STRATEGY AND RECOMMENDATIONS	PAGE 26 - 28
PROPOSED METRICS	PAGE 28
SOURCES OF FINANCIAL RESOURCES	PAGE 29
APPENDIX	
• HOUSING POLICIES NAD PROGRAMS REVIEWED	PAGE 31
• BIBLIOGRAPHY	PAGE 32 - 33
USDA RURAL HOUSING AND COMMUNITY FACILITIES PROGRAMS	PAGE 34 - 35
HUD PROGRAM MATRIX	PAGE 36 - 53



SANTA CRUZ COUNTY AZ HOUSING STRATEGY

OVERVIEW

Need for a Housing Strategy

Quality of life

- Good housing stock contributes to strong communities and supports employers' ability to attract and retain a workforce

Connectivity among economy, education, community

- Building new housing and renovating the existing housing stock provides a source of good paying jobs that support economic development opportunities
- Sufficient and affordable housing stock and strong neighborhoods supports the ability of school districts to provide quality educational opportunities

Shape housing policies to minimize displacement through gentrification

- Maintaining the existing housing stock and having policies to develop affordable in-fill housing can reduce displacement that may lead to gentrification.
- Supporting the ability of seniors to age in place by allowing Accessory Dwelling Units, providing home modification services to make accessibility improvements, and policies that limit property tax increases for seniors can reduce gentrification

Eliminate concentrated poverty

- Concentrations of poverty can foster acute conditions in communities affecting quality of life, housing, schools and economic opportunities

Increasing housing values, cost of land and more expensive financing reduces housing options for low income/low resource families

- As cost of housing rises, competition for affordably-priced housing increases as more families seek affordable housing options
- Preservation of affordable housing opportunities can safeguard these for future generations

The terms “affordable housing” and “workforce housing” are used to define the priorities of the Housing Strategy:

Definition of affordable housing: Housing that is affordable for families and individuals whose income is at or below 80% of the Area Median Income based on family size. For a family of four in Santa Cruz County, the Low-Income Limit is \$44,300. Using the Median Household Income reported by the 2020 US Census for Santa Cruz County at \$41,259, indicates that more than half of all households would qualify as low-income using HUD's AMI.

Definition of workforce housing: Housing built to serve families that have income levels between the true affordable housing options and luxury housing. They are middle-income households that seem to have gotten left behind in the housing market.



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EXECUTIVE SUMMARY

Santa Cruz County is receiving Rural Capacity Building Technical Assistance from the National Association for Latino Community Asset Builders, under a grant agreement through the US Department of Housing and Urban Development.

The first phase of technical assistance is to develop a countywide housing strategy focusing primarily unincorporated areas of Santa Cruz County that includes Rio Rico, Sonoita/Elgin area and the periphery of Patagonia. Incorporated areas also considered Nogales and Patagonia.

The Housing Strategy will provide criteria for the county to explore:

- a) opportunities for affordable housing that could be adapted to the rural character of the communities within the county; and
- b) Financing and partnership options for public-private affordable housing development.

The second phase of the Housing Strategy is to develop actionable strategies for organizations that can meet housing needs over the next five years.

Steps for Developing the Housing Strategy

- Analyzed housing conditions, trends and needs
- Reviewed past and present housing policies and programs
- Identified best practices in other counties
- Interviewed stakeholders throughout the County
- Developed a strategic plan for maximizing housing resources
- Developed an implementation plan to guide deployment of resources

Aligning the Housing Strategy with Other Priorities

The Housing Strategy will complement the County's efforts to recover from the COVID 19 pandemic, support economic development, improve infrastructure and transportation and support the quality of life offered in Santa Cruz County.

(<https://www.santacruzcountyaz.gov/833/Plans-and-Reports>).



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HOUSING CONDITIONS, TRENDS AND NEEDS

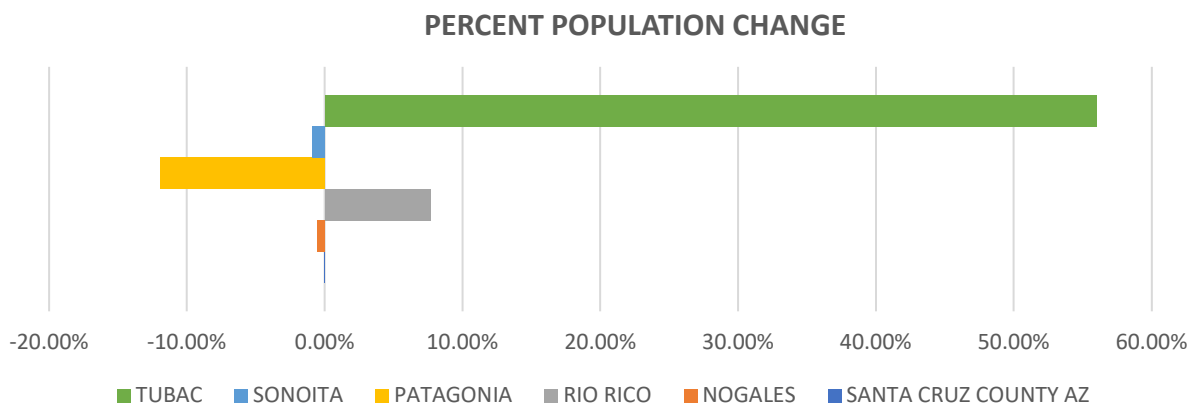
DEMOGRAPHICS OF SANTA CRUZ COUNTY AZ

POPULATION

According to the 2020 US Census American Community Survey¹, 47,073 people live in Santa Cruz County. 43% live in the City of Nogales, and 40% live in Rio Rico CDP.

Population growth is uneven within the County. Total population in Santa Cruz County grew from 47,420 persons in 2010 to 47,669 persons in 2020. Rio Rico saw the greatest increase by 7.7%, while Nogales, Patagonia and Sonoita saw reductions in their population.

LOCATION	POP 2020 ACS	POP 2010 ACS	PERCENT CHANGE
SANTA CRUZ COUNTY	47,669	47,420	0.01%
NOGALES	19,770	20,837	-0.50%
RIO RICO	20,549	18,962	7.7%
PATAGONIA	804	913	-11.90%
SONOITA	803	818	-0.90%
TOTAL/ AVERAGE	89,595	88,950	-4.29%



MOBILITY

Population shifts occurring over time showed most households² moved within Santa Cruz County. In 2020, 6.7% moved within the County, compared to 5.1% in 2010.

¹ ACS 5-Year Estimates Selected Population Detailed Tables:

<https://data.census.gov/cedsci/table?q=populatoin&g=0500000US04023>

² ACS 5-Year Estimates Subject Tables:

<https://data.census.gov/cedsci/table?q=Residential%20Mobility&g=0500000US04023&tid=ACST5Y2020.S0701>



LOCATION	2020 MOVED WITHIN SAME COUNTY	2010 MOVED WITHIN SAME COUNTY
SANTA CRUZ COUNTY	6.7%	5.1%
NOGALES	10.6%	8.3%
RIO RICO	4.4%	2.7%
PATAGONIA	6.6%	0.0%
SONOITA	0.0%	0.0%
TUBAC	2.9%	0.0%

Nogales and Rio Rico benefitted from in-migration more than Patagonia or Sonoita. This in-migration occurred from households moving to Santa Cruz County from a different county within Arizona, from a different state or from abroad. Patagonia and Sonoita experienced zero percent in-migration in 2020.

LOCATION	2020 MOVED FROM DIFFERENT COUNTY IN SAME STATE	2010 MOVED FROM DIFFERENT COUNTY IN SAME STATE
SANTA CRUZ COUNTY	2.4%	1.9%
NOGALES	1.6%	9.0%
RIO RICO	3.2%	2.9%
PATAGONIA	0.0%	5.5%
SONOITA	0.0%	1.9%
TUBAC	3.9%	0.0%

LOCATION	2020 MOVED FROM DIFFERENT STATE	2010 MOVED FROM DIFFERENT STATE
SANTA CRUZ COUNTY	1.2%	9.0%
NOGALES	9.0%	1.0%
RIO RICO	1.4%	5.0%
PATAGONIA	0.0%	4.2%
SONOITA	0.0%	0.0%
TUBAC	8.6%	0.0%

LOCATION	2020 MOVED FROM ABROAD	2010 MOVED FROM ABROAD
SANTA CRUZ COUNTY	2.0%	1.0%
NOGALES	3.1%	1.4%
RIO RICO	1.3%	3.0%
PATAGONIA	0.0%	0.0%
SONOITA	0.0%	0.0%
TUBAC	0.0%	0.0%

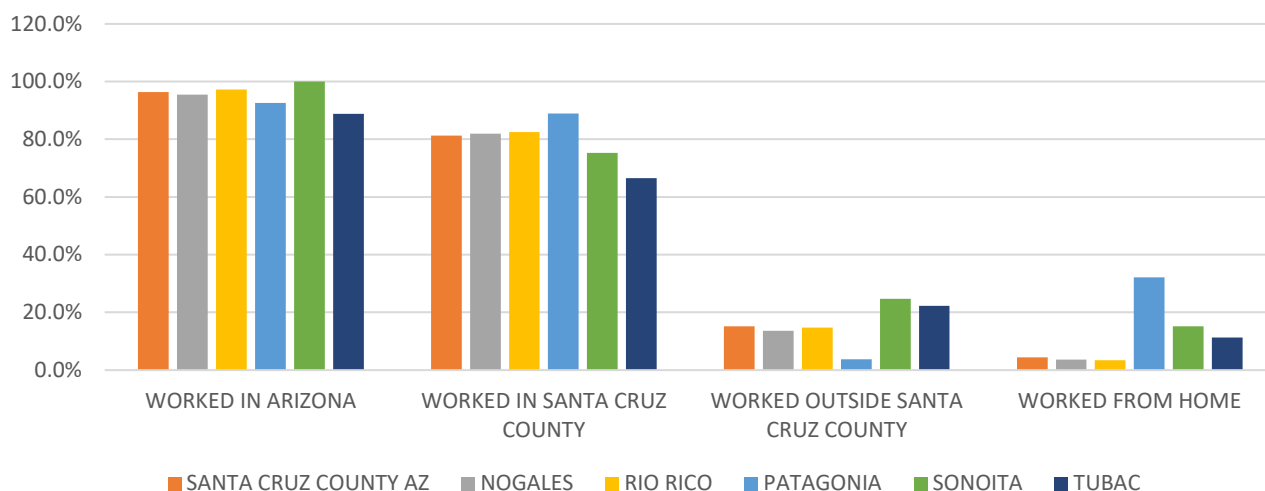


COMMUTING FOR EMPLOYMENT

Of those employed within the county, 95.1% were employed within Arizona and 79.4% were employed within Santa Cruz County. Approximately 15.7% of workers were employed outside Santa Cruz County and 11.6% worked from home. Patagonia and Sonoita had the largest percentage of people working from home.³

LOCATION	WORKED IN STATE OF RESIDENCE	WORKED IN COUNTY OF RESIDENCE	WORKED OUTSIDE COUNTY OF RESIDENCE	WORKED FROM HOME
SANTA CRUZ COUNTY	96.3%	81.3%	15.1%	4.4%
NOGALES	95.5%	81.9%	13.6%	3.6%
RIO RICO	97.2%	82.5%	14.7%	3.4%
PATAGONIA	92.6%	88.9%	3.7%	32.1%
SONOITA	100.0%	75.3%	24.7%	15.1%
TUBAC	88.8%	66.5%	22.2%	11.2%

PLACE OF WORK



To reach their employment, 76.2% of workers drove alone, while 13.3% carpoolled. A small percent of workers used public transportation that was available in Nogales and Rio Rico. Patagonia, Sonoita and Tubac are not served by public transportation.

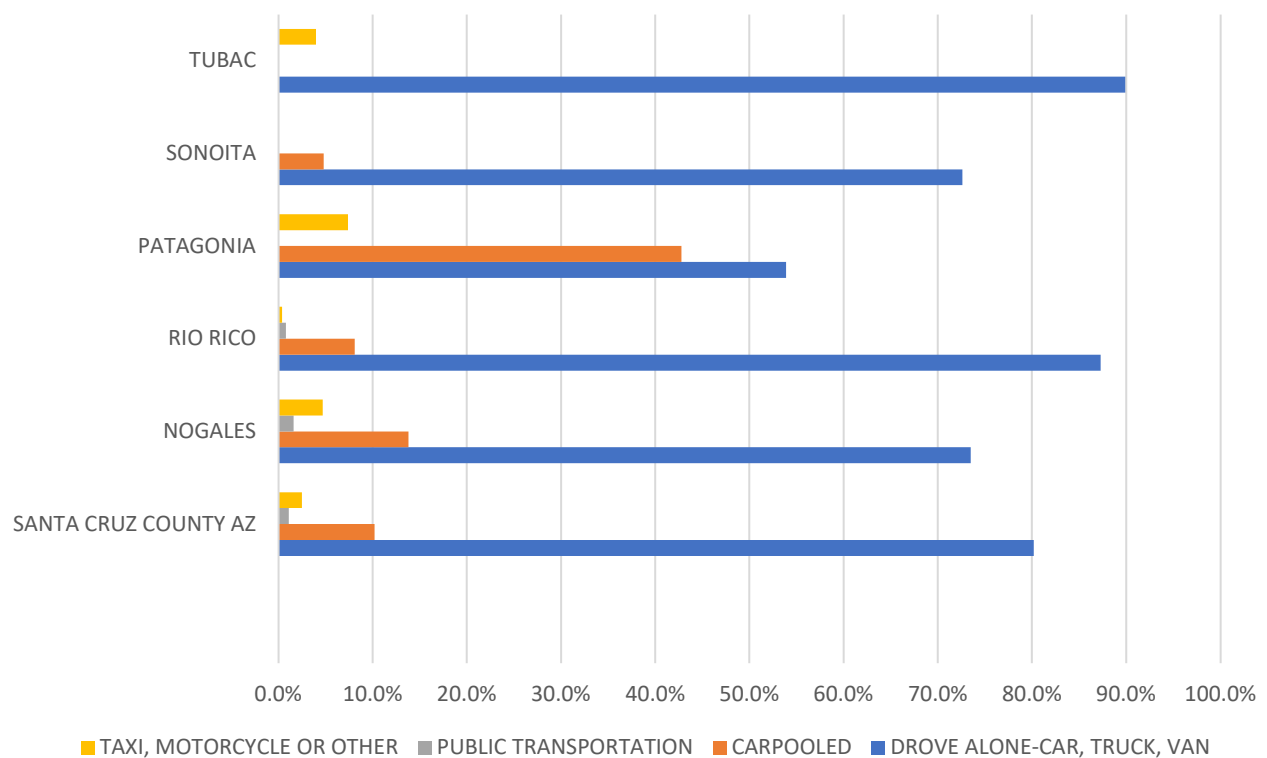
³ ACS 5-Year Estimates Subject Tables:

<https://data.census.gov/cedsci/table?q=commuting&g=0500000US04023&tid=ACSSST5Y2020.S0801>



	DROVE ALONE- CAR, TRUCK, VAN	CARPOOLED	PUBLIC TRANSPORTATIO N	TAXI, MOTORCYCLE OR OTHER
SANTA CRUZ COUNTY	80.2%	10.2%	1.1%	2.5%
NOGALES	73.5%	13.8%	1.6%	4.7%
RIO RICO	87.3%	8.1%	0.8%	0.4%
PATAGONIA	53.9%	42.8%	0.0%	7.4%
SONOITA	72.6%	4.8%	0.0%	0.0%
TUBAC	89.9%	0.0%	0.0%	4.0%

MEANS OF TRANSPORTATION



MAJOR EMPLOYERS

Top industries in Santa Cruz County include transportation, wholesale, government, and agriculture. The county is home to a cluster of industries involved in the importation, storage, and transportation of fresh produce from Mexico. Ranching is a prominent employment sector. The county has significant greenhouse production and a robust grape-growing and wine-making region in the eastern part of the county near Sonoita.

In past years, Santa Cruz County has been a livestock-dominant county, although the 2017



Census of Agriculture⁴ reports an increase in crop production between 2012 and 2017. According to the 2017 Census of Agriculture, major agricultural commodities by sales include cattle and calves (\$9.6 million) and nursery, greenhouse, floriculture, and sod (sales data not disclosed to prevent identifying individual operations). One farm in the county reported sales of organic production.

Like its neighbor Cochise County, Santa Cruz County has a growing wine industry. The northeastern part of the county is home to the Sonoita-American Viticultural Area (AVA). An AVA is an area that has been designated and recognized as a wine grape-growing region. In 2017, the county had 229 acres of grape production by 25 growers. This increased from 2012 when there were 19 growers with 191 acres of grape production.

On-farm agriculture accounts for a relatively small share (1%) of Santa Cruz County's GDP, but accounts for nearly 3% of private employment, higher than the national and state averages. It also occupies approximately one-quarter of county land area. Santa Cruz County accounts for 1% of Arizona's total agricultural cash receipts.⁵

The Nogales port of entry, located in Santa Cruz County, is a top port nationally for shipments of fresh fruits and vegetables from Mexico, the U.S.'s top source of imported fresh produce. One of Santa Cruz County's largest private industries is fruit and vegetable merchant wholesalers. In 2018, there were 125 establishments, employing more than 1,300 people, and accounting for about 10% of total employment and 13% of total wages in the county. Fruit and vegetable merchant wholesaling employment is highly seasonal in Santa Cruz County, and it corresponds closely with the value of fresh produce imports arriving through the Nogales port of entry.

Industry	Location Quotient* ⁶
Fruit and vegetable merchant wholesalers	143.05
Fruit and vegetable markets	25.75
Other postharvest crop activities	20.43
Freight transportation arrangement	18.80
Art dealers	17.63
Beef cattle ranching and farming	12.33
Other support activities for road transport.	10.10
Clothing accessories stores	8.50
Packaging and labeling services	5.54
Wineries	5.51

*Location Quotients identify a region's areas of specialization. Higher LQs indicate greater specialization

⁴ Census of Agriculture: Arizona:

https://www.nass.usda.gov/Publications/AgCensus/2017/Full_Report/Census_by_State/Arizona/index.php

⁵ Arizona County Agricultural Economy Profiles; University of Arizona Cooperative Extension

⁶ Arizona's Economy: Karl Eller School of Business, University of Arizona:

<https://www.azeconomy.org/data/santa-cruz-county/>



There were 219 farms in Santa Cruz County in 2017, covering 1,398 acres of cropland (89% irrigated) and 191,118 acres of pastureland (<1% irrigated). The average farm size was 903 acres, larger than the national average of 441 acres, with the top 12% of farms accounting for 83% of county acreage.

Of 219 total farms, 72 had less than \$1,000 in sales and 4 farms had more than \$500,000 in sales. A slight majority of county farms (58%) are family-or individually-held, while 15% are partnerships, 14% are family-held corporations, 4% are other corporations, and 10% have other forms of legal organization.

The 2017 National Agricultural Statistical Survey⁷ reported 484 farmworkers working in Santa Cruz County, with 208 employed over 150 days and 276 employed under 150 days. The average farmworker in Arizona earns \$13.49 an hour.

Santa Cruz County Farms by Industry

Category	Farms
<i>Total farms</i>	<i>219</i>
Oilseed and grain farming	0
Vegetable and melon farming	15
Fruit and tree nut farming	24
Greenhouse, nursery, and floriculture production	7
Other crop farming	4
Cotton farming	0
Hay and all other crop farming	4
Beef cattle ranching and farming	111
Cattle feedlots	1
Dairy cattle and milk production	0
Hog and pig farming	0
Poultry and egg production	0
Sheep and goat farming	6
Aquaculture and other animal production*	51

FUTURE EMPLOYMENT OUTLOOK

Current and future employment trends will drive the need for housing.

Arizona Office of Economic Opportunity: Economic Conditions Report on Santa Cruz County: Projected Industry Employment 2020-2022⁸ predicted an annualized percentage growth rate in employment of 5.2%, adding 1,398 jobs.

The three industries contributing most to job growth from 2010-19 were wholesale trade (380 jobs added), accommodation and food services (349 jobs added), and farm employment (262 jobs added). Farm employment in the county (while only accounting for a small number of jobs),

⁷ National Agriculture Statistics Survey: <https://quickstats.nass.usda.gov/>

⁸ Arizona's Economy: Karl Eller School of Business, University of Arizona: www.azeconomy.org/data/santa-cruz-county/



doubled over the past decade. Industries in Santa Cruz County that relate to the “Nature-Based Restorative Economy” accounted for 30% of net job gains over the past decade.⁹

The greatest projected growth in jobs is expected in Leisure and Hospitality at 16.1%, followed by Trade, Transportation and Utilities at 6.7% and Information at 5.5%.¹⁰

South 32’s Hermosa project near Patagonia has a projected impact of 2,000 jobs during construction and a permanent workforce of 400-500 employees.¹¹

Area	Projected Employment (2020)	Projected Employment (2022)	Projected Numeric Growth (2020-2022)	Annualized Percentage growth (2020-2022)
Santa Cruz County	13,931	15,412	1,481	5.2%
Construction	173	176	3	0.9%
Education and Health Services	1,667	1,721	54	1.6%
Financial Activities	309	312	4	0.6%
Government	2,641	2,705	64	1.2%
Information	89	99	10	5.5%
Leisure and Hospitality	982	1,323	341	16.1%
Manufacturing	429	455	26	3.0%
Natural Resources and Mining	790	857	67	4.2%
Other Services	273	299	26	4.7%
Professional and Business Services	434	478	44	4.9%
Trade, Transportation and Utilities	5,511	6,270	759	6.7%

To best position Santa Cruz County to ensure its workforce has an adequate housing supply, and can accommodate an additional workforce of 1,481 persons, the full range of housing types are needed from rental to homeownership and serving all income levels.

⁹ The Nature-Based Restorative Economy in Santa Cruz County, Arizona, published November 2021: Dari Duval, Ashley Bickel, George Frisvold, & Wenting Zheng, University of Arizona Cooperative Extension

¹⁰ Arizona Office of Economic Opportunity: Economic Conditions Report: Santa Cruz County

¹¹ Santa Cruz County, Arizona COVID-19 Economic Recovery Survey and Strategy, October 20, 2020
Prepared By: Angela Donelson, Ph.D., AICP, Donelson Consulting, LLC

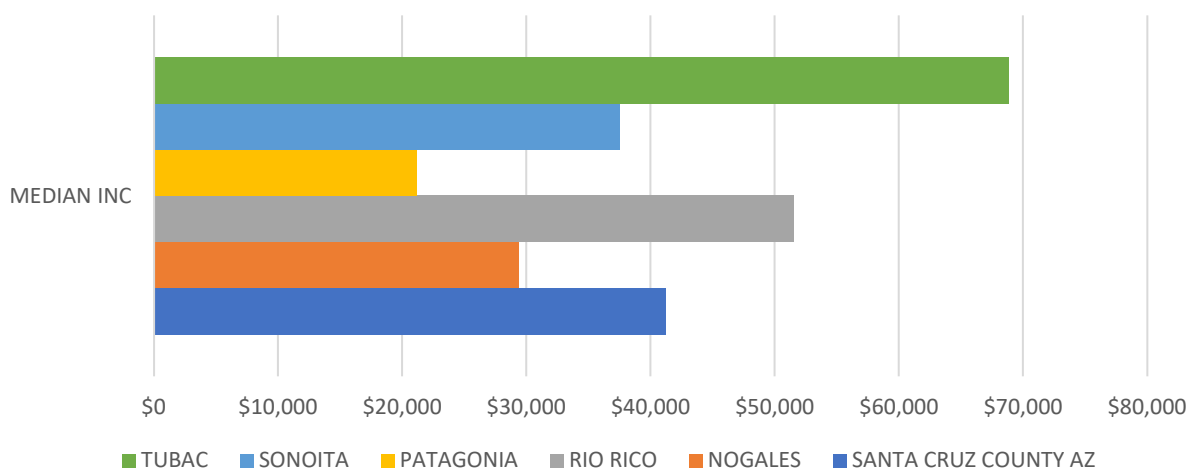


MEDIAN INCOME

The average median income¹² in Santa Cruz County is \$41,424, 30% below the state median of \$61,529. Median income is highest in Rio Rico and lowest in Patagonia.

LOCATION	MEDIAN INC
SANTA CRUZ COUNTY	\$41,259
NOGALES	\$29,339
RIO RICO	\$51,475
PATAGONIA	\$21,157
SONOITA	\$37,500
TUBAC	\$68,835

MEDIAN INCOME



POVERTY

Poverty averages 15.4% in Santa Cruz County compared to 14.1% across the state. Poverty is highest in the City of Nogales at 25.2% and in Rio Rico at 18.1%.¹³ Income disparities are highest in Rio Rico where the average median income is \$51,475, but 18.1% of households live in poverty.

Hispanic households experience poverty at a much higher rate: 23.7% of Hispanics living in Santa Cruz County live in poverty. This includes 28.9% of Hispanics living in the City of Nogales, 19% in Rio Rico and 17.7% in Patagonia.

¹² 2020 US Census: ACS 5-Year Estimates:

<https://data.census.gov/cedsci/table?t=Income%20and%20Poverty&g=0500000US04023&tid=ACST5Y2020.S1903>

¹³ 2020 US Census: ACS 5-Year Estimates:

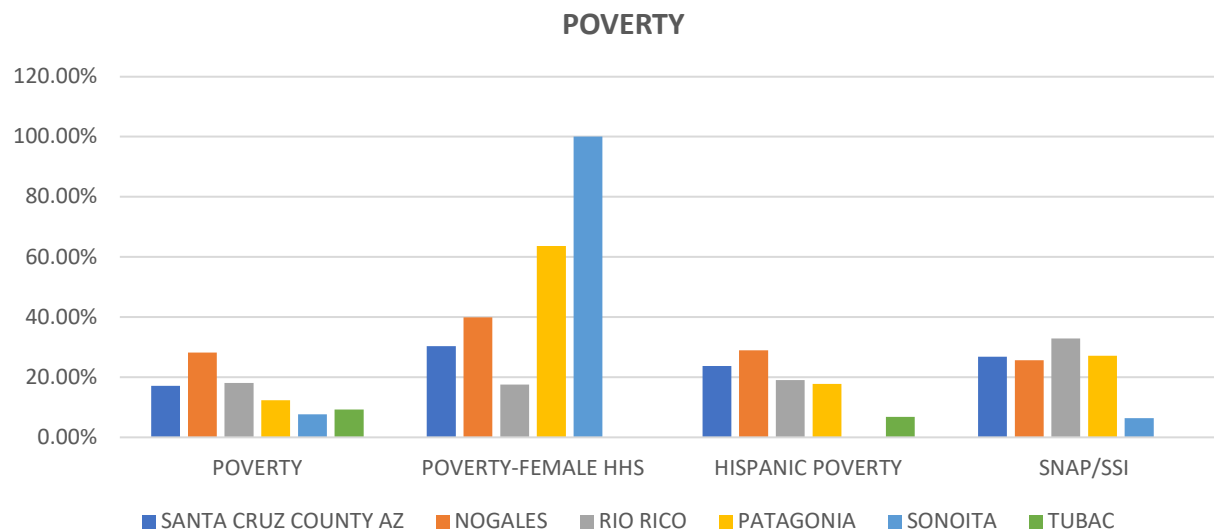
<https://data.census.gov/cedsci/table?q=poverty&t=Income%20and%20Poverty&g=0500000US04023&tid=ACST5Y2020.S1701>



Nearly one third (30.3%) of households headed by females in Santa Cruz County live in poverty, compared to the state rate of 19%. 39.9% of female heads of households in the City of Nogales, 17.5% in Rio Rico and 63.6% in Patagonia live in poverty. 100% of female-headed households in Sonoita are reported to be living in poverty.

Approximately 27% of persons living in Santa Cruz County receive SNAP/SSI benefits. This includes 25.6% of households in the City of Nogales, 32.8% in Rio Rico, 27.1% in Patagonia and 6.3% of persons living in Sonoita that receive SNAP/SSI benefits.

LOCATION	POVERTY	POVERTY-FEMALE HHS	HISPANIC POVERTY	SNAP/SSI
SANTA CRUZ COUNTY AZ	17.10%	30.3%	23.70%	26.8%
NOGALES	28.20%	39.9%	28.90%	25.6%
RIO RICO	18.10%	17.5%	19.00%	32.8%
PATAGONIA	12.30%	63.6%	17.70%	27.1%
SONOITA	7.60%	100.0%	0.00%	6.3%
TUBAC	9.20%	0.0%	6.80%	0.0%



Another indicator of poverty and low wealth are households that have a *high asset poverty rate*, *high liquid asset poverty rate* or are households that have zero net worth.

According to **Prosperity Now Scorecard**¹⁴, 32.7% of households in Santa Cruz County live with Asset Poverty compared to 19% of the state. 50.9% live with Liquid Asset Poverty compared to 29% of the state.

15.4% of households in Santa Cruz County have “zero” net worth. This financial impairment is

¹⁴ Prosperity Now Scorecard: <https://scorecard.prosperitynow.org/data-by-location>



compounded by high percentages of families that are unbanked or underbanked: 9.6% are Unbanked compared to 4% of the state. 23.5% are Under-Banked compared to 15% of the state.

Asset poverty is an economic and social condition that is more persistent and prevalent than income poverty. It is a household's inability to access wealth resources that are sufficient to provide for basic needs for a period of three months.

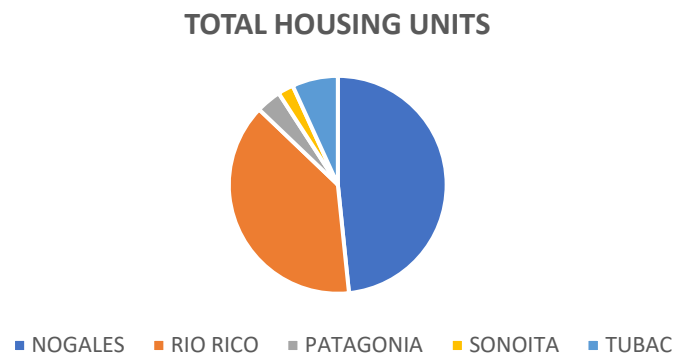
Liquid asset poverty is a measure of the percentage of households that lack sufficient liquid assets to subsist at the poverty level for three months in the absence of income.

Net worth is the total value of assets owned minus the total amount of liabilities. The indicator of "zero" net worth reflects the percentage of households that have very poor financial health.

Access to mainstream banking is another indicator of poor financial health. "Unbanked" households do not have a checking or savings account with an insured (FDIC) institution. "Underbanked" means the household had a checking or savings account with FDIC insured institution, but regularly uses alternative financial services, such as predatory loans, title loans, rent-to-own and check cashing services.

HOUSING CHARACTERISTICS OF SANTA CRUZ COUNTY AZ

The 2020 US Census American Community Survey¹⁵ reported 18,412 housing units in Santa Cruz County which includes 1,094 mobile homes and 2,700 multi-family units. Nogales had the highest number of housing units, followed by Rio Rico.



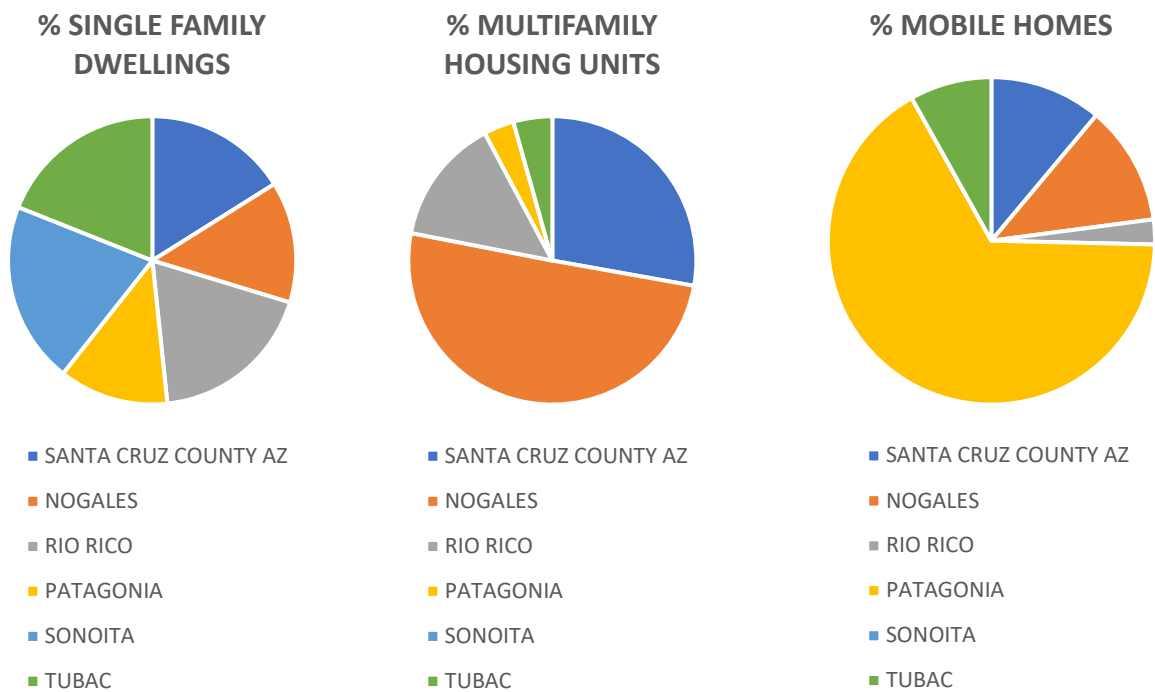
This analysis found the majority of multi-family housing units located in the City of Nogales which reports 2,104 units. Rio Rico had the most single family dwellings. Sonoita reported no multi-family units or mobile homes. 312% of homes in Patagonia are mobile homes.

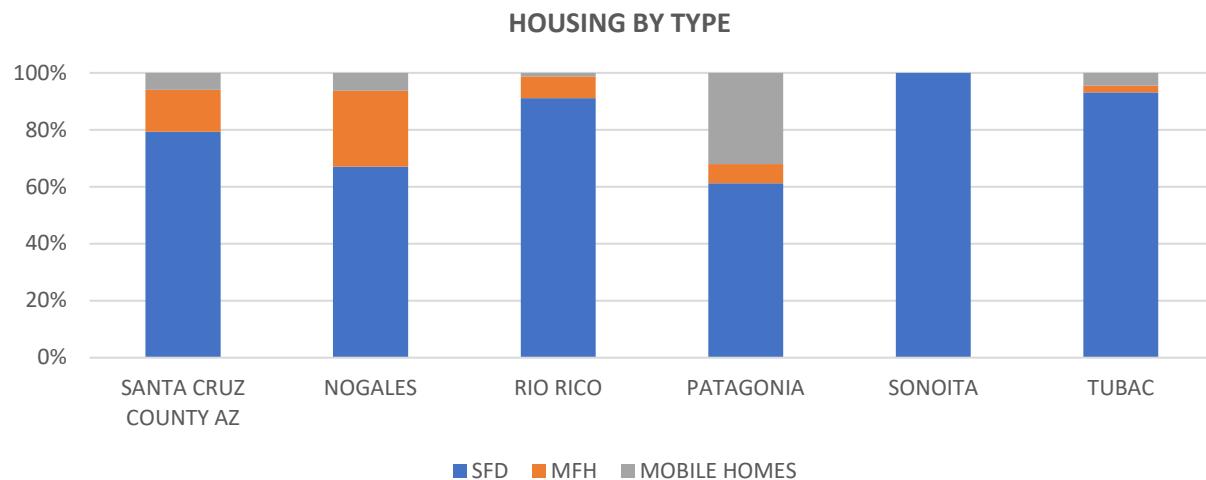
¹⁵ 2020 US Census American Community Survey, 5-Year Estimates:
<https://data.census.gov/cedsci/table?q=housing%20characteristics&g=05000000US04023&tid=ACSDP5Y2020.DP04>



LOCATION	Single-family Dwellings	% Single-family Dwellings	Multi-Family Housing	% Multi-Family Housing	Mobile Homes *	% Mobile Homes
SANTA CRUZ COUNTY	14,561	79.3%	2,700	14.7%	1,094	6.0%
NOGALES	5,302	67.0%	2,104	26.6%	497	6.4%
RIO RICO	5,800	91.1%	483	7.6%	83	1.3%
PATAGONIA	372	61.1%	41	6.7%	195	31.2%
SONOITA	379	100.0%	0	0.0%	0	0.0%
TUBAC	1041	85.1%	26	21.2%	51	4.5%

*Modular homes and manufactured housing units are only allowed in areas zoned MH.

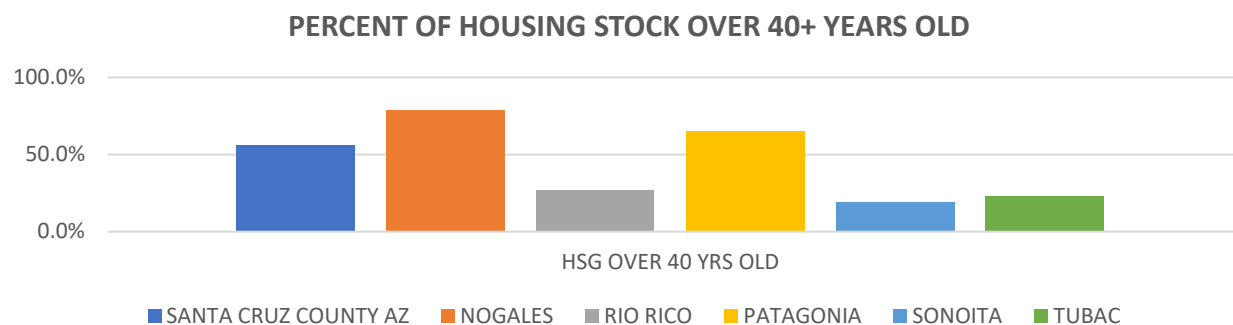




HOUSING AGE

Housing age is an indicator of the need for preserving the existing housing stock¹⁶. While the median age of housing in Arizona ranges from 23- to 30-years old, the majority of housing in Santa Cruz County is 40 years or older. Aging housing presents a host of issues resulting from functional obsolescence to higher energy bills.

LOCATION	HSG OVER 40 YRS OLD
SANTA CRUZ COUNTY	55.9%
NOGALES	78.8%
RIO RICO	26.6%
PATAGONIA	64.9%
SONOITA	18.9%
TUBAC	22.9%

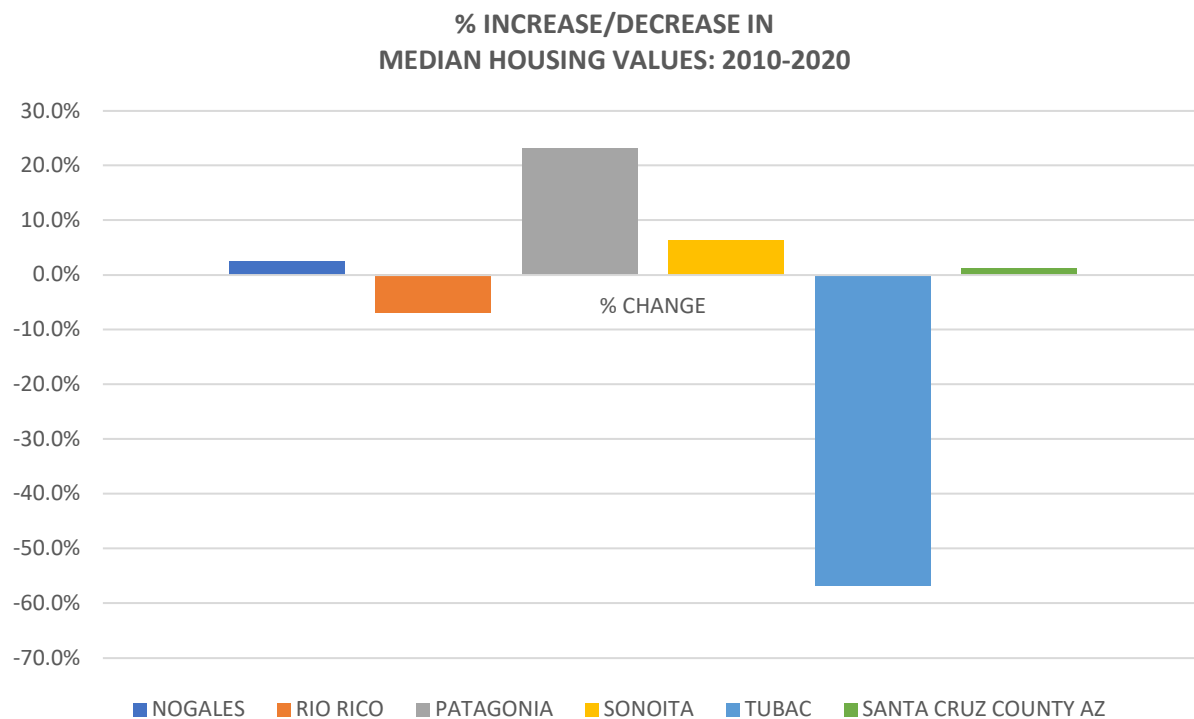


¹⁶ 2020 US Census American Community Survey, 5-Year Estimates:
<https://data.census.gov/cedsci/table?q=housing%20characteristics&g=0500000US04023&tid=ACSDP5Y2020.DP04>



HOMEOWNERSHIP AND RENTAL HOUSING ANALYSIS

From 2010 to 2020, median housing values remained steady in Nogales, increased in Patagonia and Sonoita, and decreased in Rio Rico and Tubac. The reduction of home values in Tubac coincides with the increased number of housing units built over the last decade that offered lower home prices. Overall, median housing values in Santa Cruz County¹⁷ increased from \$152,700 in 2010 to \$154,600 in 2020, a relatively modest increase of 1.2%.



LOCATION	2020 MEDIAN HOUSING VALUE	2010 MEDIAN HOUSING VALUE	% CHANGE
NOGALES	\$136,500	\$133,000	2.5%
RIO RICO	\$144,100	\$155,900	-7.0%
PATAGONIA	\$271,300	\$208,300	23.2%
SONOITA	\$387,000	\$362,600	6.3%
TUBAC	\$341,200	\$600,300	-56.8%
SANTA CRUZ COUNTY	\$154,600	\$152,700	1.2%

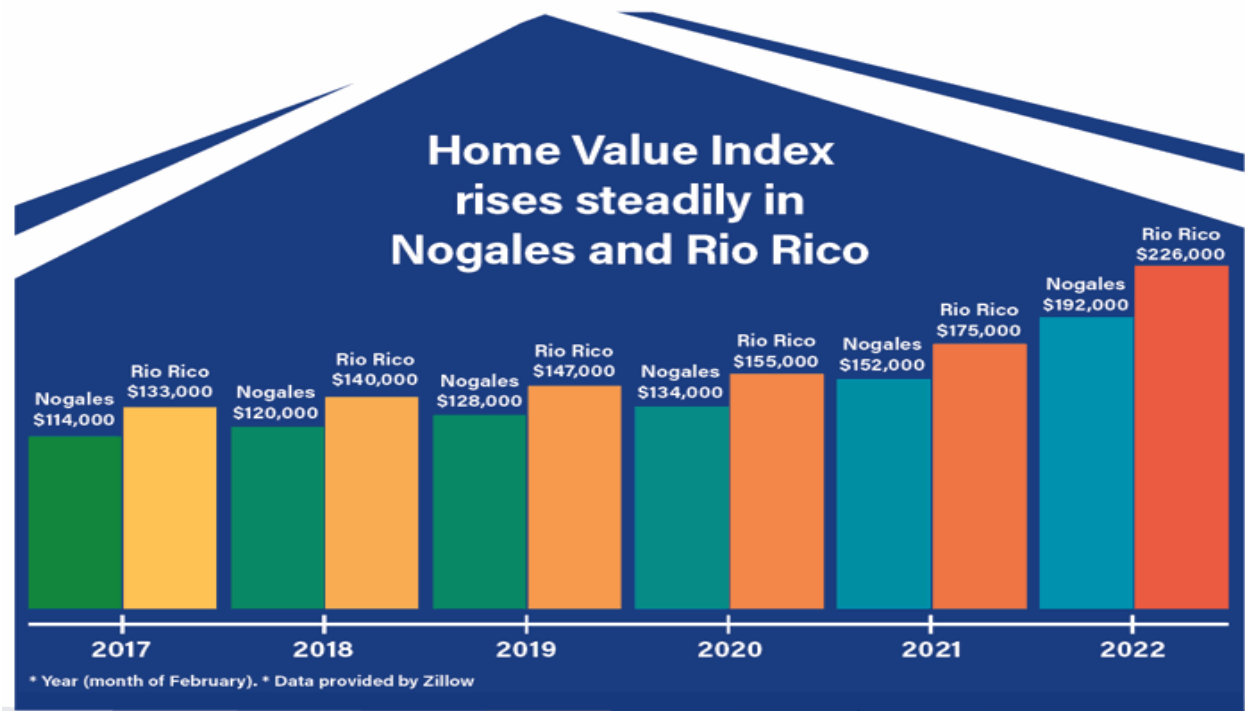
2020 home values throughout the nation rose dramatically, pushed up by pent-up demand after

¹⁷ 2020 US Census American Community Survey, 5-Year Estimates:

<https://data.census.gov/cedsci/table?q=housing%20characteristics&g=0500000US04023&tid=ACSDP5Y2020.DP04>



the pandemic, and pressure on land values and home construction costs. This trend is shown in the significant increase in home values reported in Nogales and Rio Rico. Zillow is reporting the median value in October 2022 is now \$192,000 in Nogales¹⁸ and \$226,000 in Rio Rico¹⁹, an increase over 2020 values of 28.9% and 36.2% respectively.



Bar graph courtesy of the *Nogales International*

COST BURDENED HOMEOWNERS

According to the Board of Governors of the Federal Reserve System²⁰, housing costs are a severe financial burden to many low-income families. The typical renter with income at or below 50% of the Area Median Income spends more than half of monthly income on rent and has less than \$500 dollars left after paying rent. Moreover, the percent of income that this group spends on rent has risen about 10% since 2000.

The amount of income needed to cover rent or mortgage payments can affect the economic well-being and financial stability of families. Any unexpected shortfall in income may leave them unable to pay housing costs and could lead to eviction or foreclosure. Households that have little income left after paying rent may not be able to afford other necessities, such as food, clothes,

¹⁸ Zillow: <https://www.zillow.com/home-values/40026/nogales-az/>

¹⁹ Zillow: <https://www.zillow.com/home-values/6771/rio-rico-az/>

²⁰ Board of Governors of the Federal Reserve System:

<https://www.federalreserve.gov/econres/notes/feds-notes/assessing-the-severity-of-rent-burden-on-low-income-families-20171222.html#:~:text=Consistent%20with%20the%20U.S.%20Department,as%20more%20than%2050%20percent.>



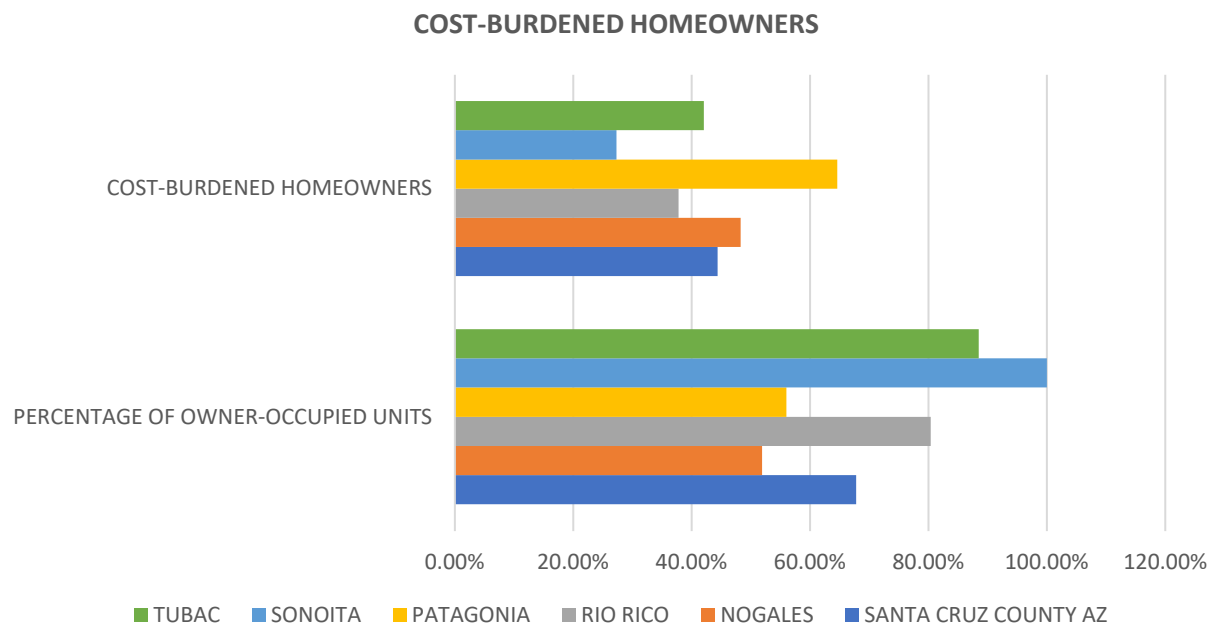
health care, and transportation. Paying more than 30% for housing also limits the ability to save and accumulate wealth.

The homeownership rate in Santa Cruz County, at 67.8%, is higher than the state and national average. Rio Rico reported the highest percentage of homeowners at 80.4%, with the City of Nogales reporting the lowest percentage at 51.9%

Approximately 44% of homeowners in Santa Cruz County are cost-burdened, paying more than 30% of their income for housing costs, compared to 38.1% statewide. Patagonia had the largest percentage of cost-burdened homeowners, while Sonoita reported the lowest percentage.

LOCATION	PERCENTAGE OF OWNER-OCCUPIED UNITS	COST-BURDENED HOMEOWNERS
SANTA CRUZ COUNTY AZ	67.80%	44.40%
NOGALES	51.90%	48.30%
RIO RICO	80.40%	37.80%
PATAGONIA	56.00%	64.60%
SONOITA	100.00%	27.30%
TUBAC	88.50%	71.40%

2020 US Census American Community Survey, 5-Year Estimates

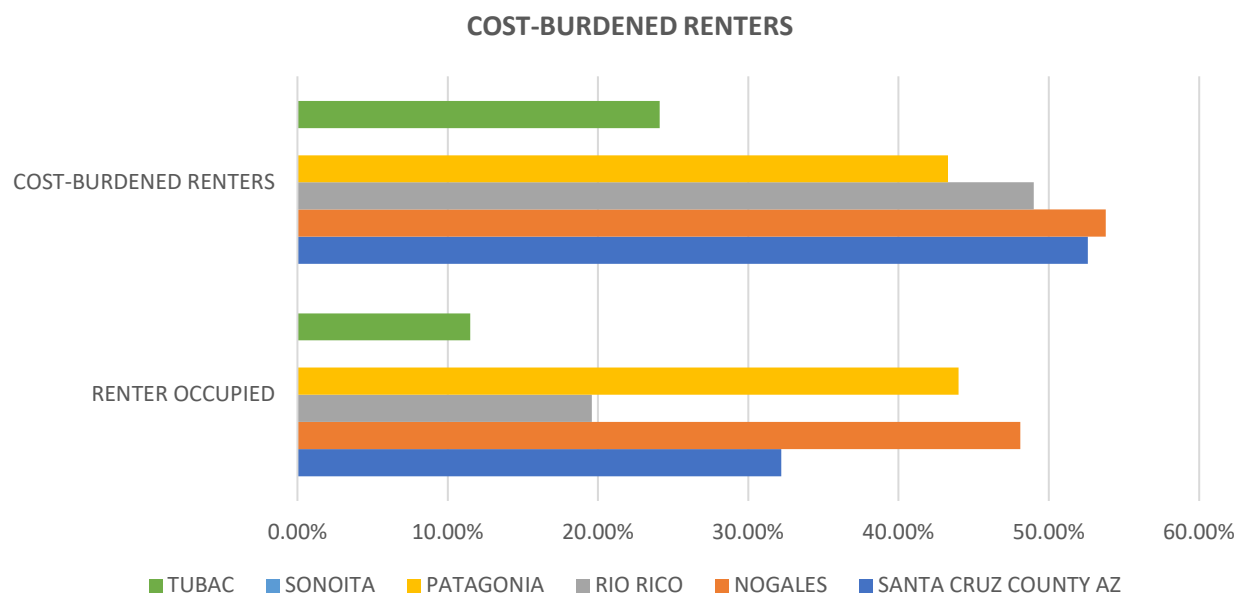


COST BURDENED RENTERS

According to the 2020 Census American Community Survey, the median rent in Santa Cruz County was \$657. Rents were highest in Tubac, followed by Patagonia and Rio Rico. Nogales reported the lower median rent at \$571. Sonoita had no rental units. Tubac rents appear distorted from other areas of the County which reflects the impact of rental units used by tourists and winter visitors. Rental rates in Tubac dropped to \$1,615 in 2021.

LOCATION	MEDIAN RENT
SANTA CRUZ COUNTY AZ	\$657
NOGALES	\$571
RIO RICO	\$863
PATAGONIA	\$894
TUBAC	\$1,750

2020 US Census American Community Survey, 5-Year Estimates



2020 US Census American Community Survey, 5-Year Estimates

Despite having the lowest median rent, Nogales reported the highest percentage of cost-burdened renters. The percentage of cost-burdened renters in Santa Cruz County is higher than the state rate of 51.4%.



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HOUSING STRATEGY FOR SANTA CRUZ COUNTY

Santa Cruz County, bordering the U.S./Mexico border, is influenced by enduring commercial and cultural ties between the two nations with tourism, international trade, manufacturing and services as the county's principal industries. Nogales is home to three land ports of entry, including the Mariposa Port with eight commercial lanes serving more than 300,000 trucks entering Arizona annually.²¹

Santa Cruz County embodies significant history as well. Originally populated by Pima Indians, the Spaniards arrived in the 1690s establishing the mission in Tumacácori (now a national historical park) and the fort in Tubac as an early outpost for exploration. These communities have gained a reputation as one of the premier artisan communities in the state.

Patagonia sits along a prime avian migratory path and offers off-road cyclists astonishing trails that wind through Patagonia's sky islands. Nearby Patagonia Lake State Park offers fishing, water skiing, camping, picnicking, and hiking all year round.

Rio Rico has grown considerably due to cross-border trade, seeing numerous warehouses established along the I-19 corridor. As one of the fastest-growing areas of Santa Cruz County, Rio Rico is known for its beautiful landscapes, affordable housing, and its growing number of job opportunities.

As the first region in Arizona to have earned the American Viticultural Area (AVA) designation, Sonoita-Elgin is home to several wineries that offer some of the best wines found outside of France. These vineyards represent a rapidly growing industry, which began four decades ago.

Government ownership of land in Santa Cruz County limits areas available for development: the U.S. Forest Service and Bureau of Land Management controls 54% of the land and the state of Arizona controls 8%, leaving 38% of the land available for individual or corporate ownership, and other public land uses.

Santa Cruz County is Arizona's smallest county that until recently has experienced very slow growth. However, this is changing with the entrance of new employers planning major projects in the county that will increase the pressure on housing availability, infrastructure and public services.

The pathway to the future of Santa Cruz County is bound by its ability to ensure there are sufficient housing opportunities for all residents and income levels, and by its ability to support the creation of workforce opportunities.

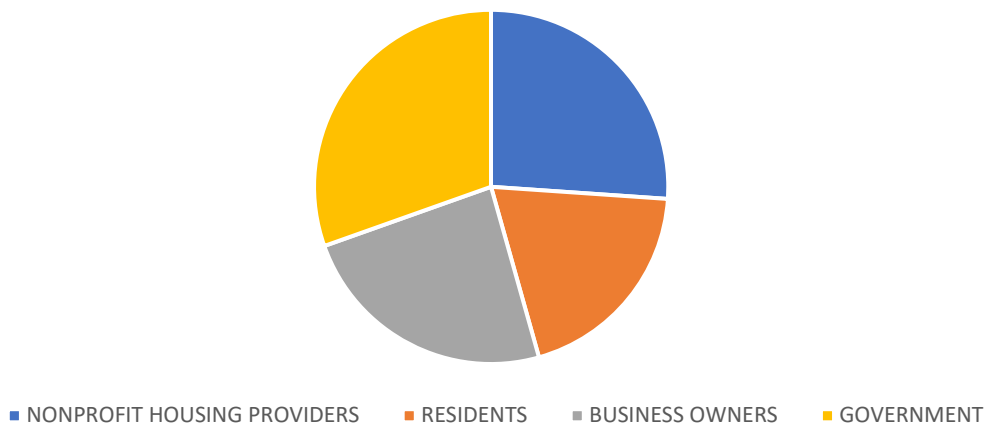
²¹ Arizona Commerce Authority, County Profile for Santa Cruz County:
www.azcommerce.com/a/profiles/ViewProfile/14/Santa+Cruz+County



Key findings from Stakeholder Interviews and Housing Surveys completed by attendees of the Housing Forum:

Santa Cruz County hosted two forums to solicit input from local housing development community in November 2022. Interviews with stakeholders and surveys received from attendees represent a range of interests reflected by nonprofit and for-profit housing providers, residents, business owners, and local, state and federal government officials:

**INTERESTS REPRESENTED BY
STAKEHOLDERS AND ATTENDEES**



The following chart indicates the areas of agreement based on stakeholder interviews:

Stakeholder Concerns	Nonprofit Housing Provider	Nonprofit Organization	Resident	Business Owner	Government
More housing is needed to support the current workforce and planned workforce expansion in Santa Cruz County.					
More housing options may help reduce the need for young people and small families to move away.					



The existing workforce that includes teachers, public safety workers, hospital workers, service workers and retail workers need more affordable housing opportunities so they can remain in Santa Cruz County instead of seeking employment closer to housing.					
Flood risk limits development options. Taxpayer-funded floodplain improvement districts could establish a fund to finance flood control improvements.					
There are very few locally based nonprofit organizations capable of developing new housing, and capacity building for these organizations is needed.					
Gentrification is occurring in Patagonia. Wealthier individuals have more resources to acquire older, dilapidated homes and renovate them.					
Vacation rental units further reduce the number of properties available for long-term rental opportunities.					
Land values are rising throughout the County. Acquisition of vacant lots by wealthy homebuilders and developers are pushing up prices.					
Infrastructure improvements (facilities that provide water, waste water, and other utilities including Broadband) can stimulate and support development.					



The County and incorporated areas have the option to implement policies to waive development and building permit fees to encourage development of affordable and workforce housing.					
Excess government land can be designated for affordable and workforce housing.					
Zoning that requires larger-sized lots prohibits development of affordable housing options. Higher density zoning could be encouraged in areas experiencing substantial population growth.					

Twenty-three surveys were collected from approximately 40 attendees of the two Housing Forums, highlighting the following priorities:

What are one or two housing priorities that must be addressed?

- 47.8% of respondents said multifamily rental housing was a priority.
- 30.4% said housing for low income households was a priority.
- 17.4% said first time homebuyer assistance was a priority.
- 13% said updating zoning and code requirements was a priority.
- 13% said smaller housing units, such as condos, tiny homes, and accessory dwelling units were a priority.

What would you do to address those needs? What assets could be leveraged to meet them?

- 52% said updating zoning and code requirements could help address these needs
- 30.4% said providing tax incentives and grants to developers of affordable housing could address these needs.
- 26.1% said strengthening and increasing partnerships between government, nonprofit organizations and private developers could help address these needs.
- 26.1% said updating the flood zone map and making flood control improvements could address these needs.
- 26.1% said using land trusts or co-housing could help address these needs.

Who could meet those needs (i.e.: could be specific individuals or industry sectors)?

- 60.8% said county government should have a role as a convener of partners and resources to meet these needs.
- 30.4% said city government and nonprofit organizations should have a role in meeting these



needs.

- 17.4% said private businesses (South 32, private developers, banks and realtors) should have a role in meeting these needs.

What are barriers to meeting those needs?

- 30.4% said zoning and code requirements were barriers.
- 26% said lack of capacity of nonprofit organizations and local governments were barriers.
- 26% said political opposition and NIMBY issues were barriers.
- 18% said poverty, low wages and lack of employment opportunities were barriers.

CONCLUSIONS AND IMPLICATIONS FOR IMPLEMENTING THE HOUSING STRATEGY:

Lack of affordable rental housing opportunities throughout the County limits the ability to meet the needs of a growing workforce.

Federally assisted rental housing is concentrated in Nogales, thereby limiting housing choice.

Gentrification in communities is causing housing to become unaffordable for members of the workforce (teachers, public safety workers, hospital workers, service workers and retail workers), the elderly and low income families.

Increasing land costs and rising mortgage interest rates have made it less financially feasible for nonprofit and for-profit housing developers to provide affordable homeownership opportunities.

Functional obsolescence, deferred maintenance and lack of energy efficiency makes homeownership of older homes less affordable.

Lack of rental housing in Sonoita affects the ability of wineries and other agricultural producers to meet their workforce needs.

Lack of workforce housing offering rental or homeownership opportunities near employment centers makes employers compete for workers that must then commute to work.

Zoning regulations and code requirements can be structured to encourage a wider variety of housing such as accessory dwelling units and factory-built housing.

Zoning that allows higher density housing can reduce the per-unit development cost by spreading costs over a larger number of units.

Land trusts and co-housing opportunities can provide perpetually affordable housing opportunities.



GOALS OF THE HOUSING STRATEGY

The goals presented below were developed by receiving input and feedback from stakeholders, and through comments and surveys gathered from attendees at two Housing Forums, and through dialogues with government representatives and others.

- Ensure a supply of workforce and affordable housing to attract new residents to Santa Cruz County, and to retain current residents.
- Decrease the number of Santa Cruz County residents that are cost-burdened renters or homeowners who are spending a disproportionate amount of their income on housing costs.
- Maintain and improve the existing housing stock and demolish vacant, blighted units to repurpose the site for new infill opportunities.
- Collaborate with nonprofit and for-profit housing developers to provide the variety of housing choices needed by existing residents and to attract new residents to Santa Cruz County.
- Attract new financial resources and improve existing resources that enable the County to achieve its housing goals.

RECOMMENDED APPROACHES FOR SANTA CRUZ COUNTY TO IMPLEMENT THE HOUSING STRATEGY:

- Santa Cruz County can assist in convening, bringing nonprofit and for-profit housing developers, financing entities and other stakeholders together to collaborate on implementing various recommendations of the Housing Strategy.
- The county can assist in guiding the development of housing in incorporated and unincorporated areas of Santa Cruz County.

ROLE OF SANTA CRUZ COUNTY AND INCORPORATED CITIES AND TOWNS FOR IMPLEMENTING THE HOUSING STRATEGY:

- Identify surplus land and properties that can be offered for new housing development opportunities.
- Undertake an evaluation of current zoning policies, land development standards and building codes to identify areas that may be updated to facilitate development of workforce and affordable housing. These modifications may:
- Establish master plans and overlay zones to provide flexible opportunities for future housing development and to direct housing growth to areas where developable land exists and could be supported with new services
- Facilitate development of affordable housing through incentive programs such as fee waivers or allowing higher density development that incorporates set-asides of units priced to be affordable for the median income households
- Allow Accessory Dwelling Units, which are defined as a secondary house or apartment that shares the building lot of a larger, primary home.
- Promote revitalization of the existing housing stock by developing local standards for rehabilitation and processes to streamline the permitting process.



RECOMMENDED APPROACHES FOR NONPROFIT AND FOR-PROFIT HOUSING DEVELOPERS TO IMPLEMENT THE HOUSING STRATEGY:

- Build capacity of local nonprofit housing organizations to develop, own and manage housing projects and provide housing services.
- Encourage Community Development Financial Institutions (CDFIs) to secure and offer affordable financial resources to nonprofit and for-profit housing developers needed for predevelopment costs, development and construction costs, and long-term mortgage financing that will support housing to serve low and very low income families.
- Develop capacity to partner with low income housing tax credit developers and investors to create new multi-family rental housing opportunities near employment centers.
- Encourage experienced farmworker housing providers to develop housing opportunities in Sonoita/Elgin to stabilize the agricultural workforce.
- Educate residents on the benefit of attractive, energy-efficient, well-planned and operated rental housing that serves low and very low income households to reduce NIMBY objections and secure support for these developments.
- Collaborate on advocating for housing programs and projects to address housing priorities identified in the Housing Strategy.

POLICIES TO SUPPORT IMPLEMENTATION OF THE HOUSING STRATEGY

- Address disparities between growth in employment opportunities and available housing stock.
- Support methods and programs that help reduce cost burdens of low income/low resource renters, homebuyers and homeowners.
- Identify and eliminate conditions of slum and blight, and deteriorating physical conditions
- Inventory county-owned property to assess surplus property that could be made available for development of housing.
- Improve or construct infrastructure needed to support housing development.
- Streamline development processes to promote housing density, infill, and more affordable housing.
- Support development of energy-efficient housing.
- Pursue potential collaboration with Pima County to create and maintain housing market opportunities for investment in Santa Cruz County.

Approaches and policies developed based on input and feedback received from stakeholders:

Stakeholder Priorities	Nonprofit Housing Provider	Nonprofit Organization	Resident	Business Owner	Government
Address disparities between growth in employment opportunities and available housing stock					



Support methods and systems that help reduce cost burdens of low income/low resource renters, homebuyers and homeowners					
Identify and eliminate conditions of slum and blight, and deteriorating physical conditions					
Inventory county-owned property to assess surplus property that could be made available for development of housing					
Improve or construct infrastructure needed to support housing development					
Streamline development processes to promote housing density, infill, and more affordable housing					
Support development of energy-efficient housing					
Pursue potential collaboration with Pima County to create and maintain a housing market opportunities for investment in Santa Cruz County					

Sources of financial resources to support development of affordable and workforce housing:

- **USDA**
- **HUD**
- **Arizona Department of Housing**
- **Arizona Community Foundation** supports a number of activities in Arizona including community development, anti-poverty, child welfare and housing. Website offers an electronic opportunity for donors and grant seekers to explore funding opportunities.
- **Community Foundation of Southern Arizona** offers funding through the South32 Hermosa Community Fund, Nonprofit Solar Project, CatchaFire Grants, the Santa Cruz Community Foundation grants, and other opportunities.
- **Housing Assistance Council** assists in the development of both single- and multi-family homes and promotes homeownership for working low-income rural families through a self-help, "sweat equity" construction method. The Housing Assistance Council offers services to



public, nonprofit and private organizations throughout the rural United States. HAC also maintains a special focus on high-need groups and regions: Indian country, the Mississippi Delta, farm workers, the Southwest border colonias and Appalachia.

- **Rural Community Assistance Corporation** serves western states by providing technical assistance and financing for affordable housing, environmental infrastructure and community facilities.
- **National Association of Latino Community Asset Builders** is a national network of 190+ nonprofit organizations that serve diverse Latino communities in 43 states, Washington DC and Puerto Rico. NALCAB supports its member organizations through training, public policy work, peer-to-peer collaboration, and access to funding, nonprofit resources and professional development. NALCAB is also a CDFI.

Community Development Financial Institutions (CDFIs):

- Border Financial Resources Inc.
- Nogales Community Development Corporation
- Nonprofit Loan Fund of Tucson and Southern Arizona
- Prestamos, CDFI²², LLC (a subsidiary of CPLC)
- Raza Development Fund, Inc. (a subsidiary of CPLC)

²² CDFI: Community Development Financial Institution designated by the U.S. Treasury. CDFIs provide loan capital for housing, small business, consumer loans and other financial products supported with capacity building and technical assistance services.

APPENDIX

HOUSING POLICIES AND PROGRAMS REVIEWED

PAGE 30

BIBLIOGRAPHY

PAGE 31



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HOUSING POLICIES AND PROGRAMS REVIEWED

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- SANTA CRUZ COUNTY NONPROFIT GRANTS FOR COMMUNITY FINANCIAL CAPACITY
- SANTA CRUZ COUNTY COVID-19 ECONOMIC RECOVERY SURVEY AND STRATEGY
- NOGALES COMMUTING PATTERNS
- SANTA CRUZ COUNTY ARPA COLLABORATION MAP
- ARIZONA HOUSING SUPPLY COMMITTEE
- PIMA COUNTY AFFORDABLE HOUSING TASK FORCE



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USDA Rural Housing and Community Facilities Programs

<u>Single-Family Housing Direct Loans (including Self-Help Loans)</u>	Safe, well-built, affordable homes for very-low- and low- income rural Americans.	Families and individuals.	Buy, build, improve, repair or rehabilitate a rural home as the applicant's permanent residence.	Rural areas with populations of up to 35,000.	Direct loan.	Up to 100% of market value or cost. Loan term of 33/38 years. Applicant may be eligible for payment assistance (subsidy) on the loan.
<u>Single-Family Housing Loan Guarantees</u>	To assist low- to moderate-income applicants/household buy their homes by guaranteeing loans made by private lenders.	Families and individuals.	Purchase new or existing homes and refinance existing Rural Development guaranteed or direct loans.	Rural areas with populations of up to 35,000.	Loan guarantee.	30-year fixed. The interest rate is negotiated between lender and borrower. Loans up to 100% of market value plus the amount of the up-front guarantee fee being financed.
<u>Single-Family Repair Loans and Grants</u>	To help very-low-income applicants remove health and safety hazards or repair their homes.	Families and individuals who currently own their home.	Repair/replace roof, winterize, purchase or repair heating system, structural repair, water/sewage connect fees, etc.	Rural areas with populations of up to 35,000.	Direct loan and grant.	Loans up to \$20,000 up to 20 years at 1%. Grants available to very-low-income applicants 62 years or older unable to pay a 1% loan.
<u>Self-Help Housing Technical Assistance Grants</u>	Helps lower-income families build their own homes.	Nonprofits and public bodies.	Technical assistance to help small groups of families build each other's homes.	Rural areas with populations of up to 35,000.	Grant.	Grant agreement.



<u>Rural Rental Housing Direct Loans</u>	Safe, well-built, affordable rental housing for very-low-income individuals and families.	Individuals, trusts, associations, limited partnerships, for-profit and nonprofit entities, tribes, public bodies.	Rental housing new construction or substantial rehabilitation.	Rural areas with populations of up to 35,000.	Direct loan.	Up to 100% of total development cost (nonprofits); 97% (for-profits); 95% (for-profits with Low-Income Housing Tax Credits). 30-year term with up to 50-year amortization.
<u>Rural Rental Housing Loan Guarantees</u>	Guarantees on loans to build or preserve affordable housing for very-low to moderate-income tenants.	For-profit and nonprofit lenders.	Build or rehabilitate affordable rental housing.	Rural areas with populations of up to 35,000.	Loan guarantee.	At least 25-year term with fixed interest rate. Loan guarantees on up to 90% of the principal.
<u>Housing Preservation Grants</u>	Repair and rehabilitate housing owned or occupied by very-low- and low-income rural families.	Public bodies and nonprofit organizations.	To operate a program that finances repair and rehabilitation activities for single-family and small rental properties.	Rural areas with populations of up to 35,000.	Grant.	Grant agreement.
<u>Farm Labor Housing Loans and Grants</u>	Safe, well-built affordable rental housing for farmworkers.	Individuals, public and private nonprofit organizations.	Rental housing new construction or substantial rehabilitation.	Not applicable.	Direct loan and grant.	Up to 102% of total development cost. Up to 33 years to repay at 1% interest.



<u>Community Facilities Loans and Grants</u>	Improve, develop, or finance essential community facilities for rural communities.	Public bodies, nonprofits, and Federally recognized Indian Tribes.	Construct, enlarge, or otherwise improve essential community facilities, such as public safety, fire and rescue, telecommunications, schools, libraries, hospitals, other healthcare facilities, etc. This may include furnishings, fixtures, and other required equipment.	City, town, or unincorporated area of not more than 20,000 in population. Facilities must primarily serve rural residents.	Direct loan, loan guarantee, or grant.	Up to 100% of market value. Term is for useful life of the facility or equipment, the State statute, or 40 years. Maximum grant 75% of project cost. Grant eligibility based on income, population, and need.
<u>Rural Community Development Initiative</u>	To facilitate housing, community facility, and community and economic development projects.	Private nonprofit or public organizations, philanthropic foundations, low-income communities.	Technical assistance grants of \$50,000 to \$300,000 to develop the capacity and ability of awardees to carry out needed projects.	City, town, or unincorporated area of not more than 50,000 in population.	Grant.	Matching funds required for grant.

For direct loans and grants, apply to Rural Development. For loan guarantees, apply to participating intermediaries such as approved banks, mortgage companies, etc.



HUD PROGRAM MATRIX			
PROGRAM	PURPOSE	ELIGIBLE ENTITIES	ELIGIBLE USES OF FUNDS
Community Planning and Development (CPD)			
Community Development Block Grants (CDBG) (Entitlement)	Funding to help metropolitan cities and urban counties meet their housing and community development needs.	Entitlement communities	All CDBG activities must meet at least one of the following national objectives: benefit low- and moderate-income persons; aid in the prevention or elimination of slums and blight; or meet certain urgent community development needs. Eligible activities include (1) acquisition of real property; (2) rehabilitation of residential and nonresidential properties; (3) provision of public facilities and improvements, such as water and sewer, streets, and neighborhood centers; (4) public services; (5) activities relating to energy conservation and renewable energy; (6) clearance; (7) homeownership assistance; and (8) assistance to nonprofits and for-profit businesses for special economic development activities.



Community Development Block Grants (Non-Entitlement) for States and Small Cities	Funding to help States and units of local government in non-entitlement areas meet their housing and community development needs.	Forty-nine States and Puerto Rico are eligible to receive grant funds for distribution to non-entitlement units of government (those that are not metropolitan cities or part of an urban county).	Provides grants to carry out a wide range of community development activities directed toward neighborhood revitalization, economic development, and improved community facilities and services. All CDBG activities must meet at least one of the following national objectives: benefit low- and moderate-income persons; aid in the prevention or elimination of slums and blight; or meet certain urgent community development needs. No less than 70 percent of the funds must be used for activities that benefit low- and moderate-income persons over a period specified by the State, not to exceed 3 years.
Continuum of Care Program	Promotes community-wide commitment to the goal of ending homelessness; provides funding for efforts to quickly re-house homeless individuals and families, while minimizing trauma and dislocation; promotes access to and effective utilization of mainstream programs; and optimizes self-sufficiency among individuals and families experiencing homelessness.	Private nonprofit organizations, States, local governments, instrumentalities of State or local governments, and public housing agencies are eligible to apply if they have been selected by the Continuum of Care for the geographic area in which they operate.	The Continuum of Care Program (CoC) competitively awards grants for CoC planning costs, Unified Funding Agency costs, acquisition, rehabilitation, new construction, leasing, rental assistance, supportive services, operating costs, Homeless Management Information Systems (HMIS), and project administration costs. CoC program funds can be used for projects under five program components: permanent housing, transitional housing, supportive services only, HMIS, and, for CoCs designated as high-performing



			communities, homelessness prevention. Recipients or subrecipients must match all grant funds, except for leasing funds, with no less than 25 percent of funds or in-kind contributions from other sources.
Emergency Solutions Grants (ESG) Program	Grants to provide emergency assistance to people who are homeless or at risk of homelessness and help them quickly regain stability in permanent housing.	States (including Puerto Rico), metropolitan cities (including District of Columbia), urban counties, and U.S. territories are eligible. Metropolitan cities and urban counties are eligible if, after applying the formula, their allocation is greater than 0.05 percent of the funds appropriated.	Provides grants by formula to States, metropolitan cities, urban counties, and U.S. territories for eligible activities, which generally include essential services related to emergency shelter and street outreach; rehabilitation and conversion of buildings to be used as emergency shelters; operation of emergency shelters; short-term and medium-term rental assistance for individuals and families who are homeless or at risk of homelessness; housing relocation and stabilization services for individuals and families who are homeless or at risk of homelessness; and Homeless Management Information System (HMIS) participation costs.



<p>Federal Surplus Property for Use to Assist Persons Experiencing Homelessness (Title V)</p>	<p>Enables States, local governments, and nonprofit organizations to use suitable and available Federal properties, which are categorized as unutilized, underutilized, excess, or surplus, to assist persons experiencing homelessness.</p>	<p>States, local governments, and nonprofit organizations.</p>	<p>HUD collects information from Federal landholding agencies about their unutilized, underutilized, excess, and surplus properties and determines which are suitable for use to assist persons experiencing homelessness. HUD reviews the property information and posts the suitability determination in a weekly Suitability Determination Listing on the HUD Exchange. If a property is listed on the Suitability Determination Listing as suitable and available, eligible applicants have 30 days from the date the suitability determination was posted to notify the Department of Health and Human Services (HHS) of its interest in a property, because HHS is the Federal entity responsible for the conveyance process for the Title V program.</p>
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HOME Investment Partnerships	Grants to States, units of general local government, and insular areas to implement local housing strategies to increase affordable housing opportunities for low- and very low-income families.	States, metropolitan cities, urban counties, insular areas, and consortia (contiguous units of local governments with a binding joint agreement).	Participating jurisdictions may use HOME funds for a variety of housing activities, depending on local housing needs. Eligible uses of funds include tenant-based rental assistance; housing rehabilitation; assistance to homebuyers; and new construction of housing. HOME funding may also be used for real property acquisition, site improvements, demolition, relocation, for both new construction and rehabilitation projects the costs to meet property standards, including accessibility requirements, and other necessary and reasonable activities related to the development of non-luxury housing.
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<p>Housing Opportunities for Persons With AIDS (HOPWA)</p>	<p>Formula grants to States and units of general local government, and competitively awarded grants to States, units of general local government, and nonprofit organizations to provide housing assistance and related supportive services to meet the housing needs of low-income persons living with HIV/AIDS and their families.</p>	<p>Formula – States and units of general local government, as defined at 24 CFR 574.3. Competitive – States, units of general local government, and nonprofit organizations.</p>	<p>The HOPWA program provides States and localities with resources and incentives to devise long-term comprehensive strategies for meeting the housing needs of low-income persons living with HIV/AIDS and their families. By providing housing assistance and related services, the HOPWA program contributes to housing stability, reduces risks of homelessness, improves health outcomes through increased access to care, and prevents transmission of HIV. Persons living with HIV/AIDS and their families that are low-income (at or below 80 percent of area median income) are eligible for assistance under this program.</p>
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Housing Trust Fund	Provides funds to States, State-designated entities, and insular areas for the construction, rehabilitation, and preservation of rental homes and for homeownership for extremely low- and very low-income families, including homeless families.	Funds are distributed by formula to States as that term is defined in 12 USC 4502, and States may then distribute the money according to a State plan to State-designated entities or subgrantees for further distribution within a State, or directly to qualified recipients, such as nonprofit and for-profit organizations.	The Housing Trust Fund (HTF) provides funding to construct, rehabilitate, and preserve permanent rental and homeownership housing, primarily for extremely low-income families. At least 80 percent of the funds must be used for the production, preservation, rehabilitation, or operation of rental housing. Up to 10 percent can be used for the following homeownership activities for first-time homebuyers: production, preservation, and rehabilitation; down payment assistance, closing cost assistance, and assistance for interest rate buy-downs.
Rural Capacity Building for Community Development and Affordable Housing Grants Program	Grants for high-need rural areas and rural housing development organizations, community development corporations (CDCs), community housing development organizations (CHDOs), local governments, and Indian tribes to obtain financing, training, and technical assistance necessary to undertake effective community development activities.	Only national organizations that are 501(c)(3) nonprofits, other than institutions of higher education, can apply for Rural Capacity Building funding.	The Rural Capacity Building for Community Development and Affordable Housing (Rural Capacity Building) program is intended to fund applicants with demonstrated expertise in affordable housing and community development in high-need rural communities. To obtain a sufficient mix of grantees funded, HUD reserves the right to fund less than the amount requested by any applicant. Adjustments in funding amounts are also intended to obtain a fair distribution of the funds for the provision of capacity building



			assistance on a national, geographically diverse basis.
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<p>Self-Help Homeownership Opportunity Program (SHOP)</p>	<p>Grants for self-help homeownership housing.</p>	<p>National and regional nonprofit organizations and consortia with experience in providing or facilitating self-help homeownership housing, involving a significant contribution of homebuyer sweat equity and volunteer labor, may apply.</p>	<p>Under the SHOP program, HUD awards competitive grants to national and regional nonprofit organizations and consortia that have the capacity and experience in providing or facilitating self-help homeownership housing opportunities. Grants must be used by the grantee or its affiliates for eligible expenses related to developing non-luxury housing for families and persons who otherwise would be unable to afford to purchase a home.</p> <p>Homebuyers must be low-income. Eligible uses of grant funds are limited to land acquisition (including financing and closing costs), infrastructure improvements (installing, extending, constructing, rehabilitating, or otherwise improving utilities and other infrastructure), and planning and administration costs (up to 20 percent of the grant amount).</p> <p>Total land acquisition and infrastructure improvement costs cannot exceed an average of \$15,000 in SHOP grant funds per unit. Homebuyers must contribute a significant amount of sweat equity toward the construction or rehabilitation of their homes. SHOP also requires community participation through</p>
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			volunteers who assist the homebuyers on the construction or rehabilitation of the homes.
Single-Family Housing Programs			
Energy Efficient Mortgage Program	Mortgage insurance to finance the cost of energy efficiency measures.	One- to four-unit existing and new properties are eligible.	FHA's Energy Efficient Mortgage program (EEM) helps homebuyers and homeowners save money on utility bills by enabling them to finance the cost of adding energy efficiency features to new or existing housing as part of their FHA-insured home purchase or refinancing mortgage.



Home Equity Conversion Mortgage (HECM) (Section 255)	Mortgage insurance for reverse mortgages that provide borrowers, who are at least 62 years of age, the ability to convert some of the equity in their primary residences into monthly streams of income or lines of credit.	All borrowers must be at least 62 years of age, occupy the property as a principal residence, have financial resources to continue to make timely payment of ongoing property charges, and have participated in a mandatory HECM counseling session given by an HUD-approved HECM counselor.	Reverse mortgages provide a financing alternative for qualified elderly homeowners. Lenders who are authorized to originate loans under the Direct Endorsement (DE) program must submit acceptable test cases to be approved to originate HECMs.
Manufactured Homes Loan Insurance (Title I)	Mortgage insurance for private lending institutions to finance the purchase of a new or used manufactured home.	Any person who meets credit requirements and is able to make the cash investment and the loan payments; however, the home must be the principal residence of the borrower and the borrower must have at least one-half interest in the home.	By protecting mortgage lenders against the risk of default, HUD encourages lenders to finance manufactured homes, which have traditionally been financed as personal property through comparatively high-interest, short-term consumer installment loans. The program increases the availability of affordable financing and mortgages for buyers of manufactured homes and allows such buyers to finance their home purchase at a longer term and lower interest rate than with conventional loans.



Rehabilitation Loan Mortgage Insurance (Section 203(k))	Mortgage insurance to finance the rehabilitation or purchase and rehabilitation of one- to four-family structures.	All homeowners that can make the monthly mortgage payments are eligible to apply.	This is HUD's primary program for the rehabilitation and repair of single-family properties. A loan can be used to (1) finance rehabilitation of an existing property; (2) finance rehabilitation and refinancing of the outstanding indebtedness of a property; and (3) finance purchase and rehabilitation of a property. While the maximum repair threshold has been eliminated, the total loan amount must still fall within the FHA mortgage limit for the area. The loan amount is limited by the lesser of (1) the value of the property before rehabilitation plus the cost of rehabilitation, or (2) 110 percent of the appraised value of the property after rehab.
Single Family Property Disposition Program (Section 204(g))	Disposes of one- to four-family properties acquired by FHA through foreclosure of an insured or Secretary-held mortgage loan under the National Housing Act.	Individual bidders are eligible if they can finance their home purchase and provide an earnest money deposit with their bids. Nonprofit and government entities are eligible for special programs, as detailed on HUD's website	This program disposes of FHA-acquired single-family properties containing one to four units in a manner that expands homeownership opportunities, strengthens neighborhoods and communities, and seeks a maximum return to the mortgage insurance funds. Listings of properties in inventory are available on the HUD Home Store website.



Multifamily Housing Programs			
Mark-to-Market Program (M2M)	Preserves long-term low-income housing affordability by restructuring FHA-insured or HUD-held mortgages for eligible multifamily housing projects.		<p>The Mark-to-Market (M2M) program is designed to preserve low-income rental housing affordability while reducing the long-term costs of Federal rental assistance, including project-based assistance from HUD, for certain multifamily rental projects. M2M reduces rents to market levels and HUD restructures existing debt to levels supportable by these rents. The multifamily projects involved are projects with (1) FHA-insured or previously FHA-insured, now Secretary-held, mortgages; and (2) contracts for project-based rental assistance from HUD, primarily through the Section 8 program, for which the average rents for assisted units exceed the rent of comparable properties. The program objectives are to (1) preserve housing affordability while reducing the costs of project-based assistance; (2) restructure the HUD-insured or previously FHA-insured, now Secretary-held financing so that the monthly payments on the modified or new first mortgage can be paid from the reduced rental levels; (3) reduce the costs</p>



			of insurance claims; and (4) ensure competent management of the project.
Mortgage Insurance for Rental Housing for the Elderly (Section 231)	Mortgage insurance to finance the construction or rehabilitation of multifamily rental housing for the elderly and/or persons with disabilities.	Investors, builders, developers, public bodies, and nonprofit sponsors may qualify for mortgage insurance. All persons who are elderly (62 or older) and/or persons with disabilities, and their families, are eligible to occupy units in a project insured under this program.	To assure a supply of rental housing suited to the needs of the elderly or persons with disabilities, FHA insures mortgages made by private lending institutions to build or rehabilitate multifamily projects consisting of eight or more units. FHA may insure up to 100 percent of the Federal Housing Commissioner's estimate of value after completion for nonprofit and public mortgagors, but only up to 90 percent for private mortgagors.



<p>Multifamily Rental Housing for Moderate-Income Families (Section 221(d)(3) and (4))</p>	<p>Mortgage insurance to finance rental or cooperative multifamily housing for moderate-income households, including projects designated for the elderly. Section 221(d)(3) and (4) are HUD's major insurance programs for newly constructed or substantially rehabilitated multifamily rental housing.</p>	<p>Section 221(d)(3) is primarily available to public, nonprofit, and cooperative mortgagors. Section 221(d)(4) mortgages are primarily available to profit-motivated sponsors.</p>	<p>FHA insures mortgages made by private lending institutions to help finance construction or substantial rehabilitation of multifamily (five or more units) rental or cooperative housing for moderate-income or displaced families. Projects in both cases may consist of detached, semi-detached, row, walk-up, or elevator structures. Single Room Occupancy projects may consist of units that do not contain a complete kitchen or bath</p>
<p>Supportive Housing for the Elderly (Section 202) and the Supportive Service Demonstration</p>	<p>Capital advances and contracts for project rental assistance to expand the supply of affordable housing with voluntary supportive services for very low-income elderly persons and funding for enhanced services and research on the supportive services model.</p>	<p>For the Section 202 program, private, nonprofit organizations and consumer cooperatives may qualify for assistance, and may partner with private, for-profit entities so long as the sole general partner is a nonprofit organization that meets the statutory requirements. Occupancy for Section 202 projects is open to very low-income households which include at least one person 62 years of age or older.</p>	<p>To expand affordable housing with voluntary supportive services for very low-income elderly persons, the Section 202 program provides capital advances and project rental assistance contracts to eligible applicants. Section 202 capital advance funds must be used to finance housing development through new construction, rehabilitation, or acquisition with or without rehabilitation.</p>



Supportive Housing for Persons with Disabilities (Section 811) and the Section 811 Project Rental Assistance (PRA) program	Assistance for housing and voluntary supportive services for persons with disabilities, and promotion of community integration for low- and extremely low-income persons with disabilities.	Nonprofit organizations with a Section 501(c)(3) IRS tax exemption may qualify for assistance, and may partner with private, for-profit entities so long as the sole general partner is a nonprofit organization that meets the statutory requirements.	The Section 811 program provides supportive housing for very low- and extremely low-income persons with disabilities that allow them to live independently with the availability of voluntary support activities such as cleaning, cooking, transportation, etc. Capital advances are made to eligible private, nonprofit sponsors and, in cases of mixed-finance, for-profit limited partnerships where the sole general partner is (i) a nonprofit organization or (ii) a for-profit corporation controlled by a nonprofit organization to finance the development of rental housing with supportive services for persons with disabilities.
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Public and Indian Housing – Public Housing Programs			
Choice Neighborhoods	Competitive grant program to transform neighborhoods of poverty into vibrant, mixed-income neighborhoods.	Local governments, tribal entities, PHAs, and non-profit organizations may apply. For-profit developers may apply jointly with a public entity	The Choice Neighborhoods program provides competitive Planning Grants and Implementation Grants to enable communities to revitalize struggling neighborhoods with distressed public housing or HUD-assisted housing through a comprehensive approach to neighborhood transformation. Local leaders, residents, and stakeholders, such as public housing authorities, cities, schools, police, business owners, nonprofits, and private developers, create a plan that revitalizes distressed HUD housing and addresses the challenges in the surrounding neighborhood. The program is designed to catalyze critical improvements in neighborhood assets, including vacant property, housing, services, and schools.
Economic Opportunities for Low- and Very-Low Income Persons (Section 3)	Fosters local economic development, job opportunities, and self-sufficiency.	Direct recipients of HUD financial assistance, such as public housing agencies, nonprofit organizations, and State and local governments.	Section 3 of the Housing and Urban Development Act of 1968 requires that when new jobs or contracts are created as a result of the usage of certain HUD funds (including Public and Indian Housing funds), priority consideration is given, to the greatest extent feasible, to low-



			and very low-income persons residing in the community in which the funds are spent and to businesses that provide economic opportunities, training, employment, and contracting to these persons
Lead Hazard Control and Healthy Homes	Capacity building and technical assistance; grants for the development of local programs to address housing-related health and safety hazards; demonstration projects and research, outreach and education authority related to lead hazard control and healthy homes issues; enforcement of the Lead Safe Housing Rule and the Lead Disclosure Rule.	For lead hazard control grant programs, state, tribal, and local governments are eligible; for other programs, these government and nonprofit entities, for-profit entities that waive their fees, and universities are eligible.	This program addresses childhood lead-based paint poisoning and other diseases associated with poor housing conditions, such as exposure to moisture, mold, poor air quality, residential application of pesticides, the presence of allergens, vermin, dust, and other substances that contribute to asthma, and hazardous conditions that increase the risk of injury. It promotes preventive measures to correct multiple health and safety hazards in the home environment through several components

